

BUDGET, FINANCE & INVESTMENT COMMITTEE

October 6, 2011

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Charlie Baum
Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Robert Peay
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy, Chrm.

Others Present:

Ernest Burgess
Teb Batey
Harry Gill
Lisa Nolen
Melissa Stinson
Judge Donna Davenport
Sheriff Robert Arnold
Jeff Sandvig

Others Present:

Rosemary Jacobs
Paul Batey
Phyllis Ferguson
Haylee Ferguson
Kevin Ferguson
Glenda Dyer
Joseph Pleasant
Elaine Short

Chairman Ealy presided and called the meeting to order at 5:30 P.M. with Comm. Sandlin being absent at that time.

APPROVE MINUTES:

The minutes of the September 8, 2011 Budget Committee meeting were presented for approval.

Comm. Jernigan moved, seconded by Comm. Shafer to approve the minutes as presented.

The motion passed by acclamation with Comm. Sandlin being absent at that time.

INVESTMENT REPORT:

Mr. Teb Batey, Trustee, presented the monthly Investment Report advising that there was one bid transaction during the month, which went to First Tennessee Bank at .55% for one year.

The LGIP interest rate for the month was .12%.

Mr. Batey advised that the Trustee's Association had formed a committee, and they had met with Treasurer Lillard and Tim McClure, who is in charge of LGIP, to begin discussions regarding some things that they could do with the state to make some improvement. He explained that the state was also under the same pressure for better returns as they invest funds for retirements, lottery funds, etc. He stated it was a very open meeting, and he appreciated the opportunity. He advised that the state was very agreeable to discuss the situation. He stated that it was a very low interest rate environment, and with all of the safety and liquidity issues, they were researching to see if some governments could pool funds together to extend the maturities in hopes of receiving a better interest rate. He stated that they were trying to work within the necessary requirements. He stated that the discussion was very frank in that these are different times that have not been experienced before. He stated that a lot of counties were not in as good financial condition as Rutherford County. He stated that with the safety and liquidity concerns, there was not a lot of investing options available.

Comm. Jordan moved, seconded by Comm. Peay to approve the monthly Investment Report as presented.

The motion passed unanimously by acclamation.

FUND CONDITION REPORT:

Finance Director Lisa Nolen presented the monthly Fund Condition Report for the use and information of the committee advising that the Development Tax collections for the month were \$60,750 with the year-to-date collections being \$255,000. This compared to September of last year when the monthly collections were \$72,750, and the year-to-date collections were \$308,250.

The committee reviewed the fund cash balances, which totaled \$114,460,480 with \$96,573,554 being operating funds and \$17,886,926 being borrowed funds. The Finance Director reminded the committee that of the \$17,886,926 in borrowed funds, \$15 million was borrowed from the Debt Service Fund.

This compared to the same period last year when the total cash balances were \$112,097,383 with \$107,419,754 being operating funds and \$4,677,629 being borrowed funds.

Chairman Ealy called the committee's attention to the cash balance of \$24,271 in Fund 171, 2001 Agriculture Extension Center. She asked if this balance could be removed from the books.

The Finance Director advised that it would be her recommendation to transfer the balance from Fund 171, General Capital Projects Fund, to the General Fund and added to the Committed for Agriculture and Natural Resources Account.

It was noted that the Agriculture Extension Department had issued a purchase order from the General Capital Projects Fund in September.

Mayor Burgess advised that it would be fine to transfer the money to the General Fund as long as the money remained available to the Agriculture Extension Department for the Lane Agri-Park.

The Finance Director advised that she would discuss the issue with Mr. Tuggle and possibly bring a budget amendment back to the committee for approval.

The Finance Director also brought the committee's attention to Fund 189, 2010 Energy Project with a balance of \$47,290. She reported that there were some purchases for this project that were recorded to Oakland Middle and Withworth-Buchanan Middle Schools that should have been coded to the Energy Project. She advised that the balance in the Energy Project should be zero. She explained that this could be corrected with a journal entry. She advised that later in the meeting there would be a discussion about transferring available funds in the Oakland Middle and Whitworth-Buchanan Middle Schools to the Eagleville Phase II project.

Comm. Shafer asked about the cash balances in the Central Magnet School Project and the Rockvale Middle School Project.

Mr. Sandvig advised that he would be requesting approval of some building program amendments at the next School Board meeting.

The Finance Director reviewed the revenue collected as of the end of September.

Following review, Comm. Jernigan moved, seconded by Comm. Baum to approve the monthly Fund Condition Report as presented.

The motion passed unanimously by acclamation.

INSURANCE REPORT:

Mrs. Melissa Stinson, Risk Management Director, presented the monthly Insurance Report for the information of the committee. She reported that the cost per employee per month for the medical, dental, and vision for the month of September was \$817.46. This brought the year-to-date average to \$892.74.

She reminded the committee that for the on-site medical program, the transition to Take Care began September 1. For the month of September, the cost per employee per month was \$17.75 bringing the total cost for the month to \$835.21. She explained that as the on-site clinics were reviewed, there would always be a question as to whether or not it was the right financial investment for the county. She pointed out to the committee that the average cost per visit year-to-date was \$87.15. This compared to the total average cost per visit for the prior year of \$88.57. She requested that Cigna provide the cost of a private care physician appointment, and currently

that cost is \$110. She advised that she would continue to monitor the costs. The year-to-date average cost per employee was \$914.97 compared to \$745.57 for the prior fiscal year.

Mrs. Stinson next reviewed the OJI Program advising that the year-to-date claims cost was \$155,428, which was 99% of last year's claims costs.

Following review, Comm. Sandlin moved, seconded by Comm. Jernigan to approve the Insurance Report as presented.

The motion passed unanimously by acclamation.

Mrs. Stinson next provided information regarding the implementation budget for the Take Care on-site medical clinics. When the contract was awarded to Take Care, the projected budget for implementation was \$201,714. The actual cost for the implementation was \$178,986. She explained that the actual cost of \$178,986 might go down, because she considered 100% of the information systems support expense. She stated that this was still being evaluated to see if some of the equipment could be returned, such as backup power supplies. Even with this total expense included, the implementation costs were still 11% less than projected.

Mrs. Stinson also advised that she had been questioned about the availability of appointments at the clinics. She provided a handout regarding clinic appointment statistics. When the clinics were evaluated during the interviews, she commented to the Insurance Committee that availability of appointments remained the number one complaint. She stated that it was that way with Care Here, and it was still that way. She stated that it was not always a provider problem. She stated that it was a Rutherford County problem. She stated that the number of hours of operation averaged 138 hours one week and 143 hours the next week. She reported that there were 12,724 participants who were eligible to use the clinics. She stated that of the 12,724 participants, 67% lived in the Murfreesboro zip code. In Murfreesboro there was the Blackman clinic, and there were limited hours at the Health Department.

Other reasons that people cannot get an appointment, other than the supply and demand problem, were the fact that there were individuals who routinely visited the clinics. During the first eight months of the year, 71% of all of the people who went to the clinics went more than once. In the month of September alone, 24% of all appointments were repeat visitors. That would only leave 75% of appointments available for sinus infections, colds, or other conditions where appointments might be needed. She reported that last year there were approximately 4,800 unique visitors to the clinics. About 100 of those visitors went to the clinics eight times. She stated that there were some visitors who went as many as 20 times during the course of the year. She stated that with 67% of the eligible participants living in the vicinity of one clinic, it was almost impossible for that clinic to treat everyone. Sometimes if an appointment was available at another clinic, the individuals did not want to drive that far. She stated that the cost to drive from the Blackman clinic to the Walter Hill clinic was less than a co-pay. She stated that she was at a disadvantage to try to address the problem due to the number of available hours at the clinics, and secondary to that due to the behavior of the employees.

Mrs. Stinson advised that when the clinics were originally implemented, they were implemented for cost avoidance to keep people out of the emergency rooms because they lacked primary care providers, and so that people would not let conditions get out of hand that would ultimately cost the insurance plan a lot of money. She stated that what she was finding were conditions that were being treated well beyond the initial intent, even mental health conditions. She stated that over the last few weeks, the clinics have had to scale back the expectations. She stated as part of offering the service, the county's liability also had to be protected, and when it was an inappropriate level of treatment for the clinics, referrals would be made out to the community. She stated that there were a variety of reasons people could not get appointments.

AMBULANCE SERVICE FUND BUDGET AMENDMENT:

Mayor Burgess requested approval of the following budget transfer for the Ambulance Fund advising that \$197,000 had been budgeted this year to purchase two ambulances. He advised

that bids had been taken, and the County had the same opportunity as last year to purchase new ambulances of a prior model with a full warranty. He explained that for an additional \$28,000 a third ambulance could be purchased:

From: 118-55130-312 – Contracts w/Private Agencies -	\$10,000
118-55130-435 – Office Supplies -	3,600
118-55130-451 – Uniforms -	3,600
118-55130-735 – Health Equipment -	10,800
To: 118-55130-718 – Motor Vehicles -	\$ 28,000

Comm. Peay moved, seconded by Comm. Sandlin to approve the budget transfer for the Ambulance Service Fund as presented transferring \$10,000 from Account 118-55130-312, Contracts with Private Agencies, \$3,600 from Account 118-55130-435, Office Supplies, \$3,600 from Account 118-55130-451, Uniforms, and \$10,800 from Account 118-55130-735, Health Equipment, with \$28,000 to Account 118-55130-718, Motor Vehicles.

The motion passed unanimously by roll call vote.

GENERAL FUND BUDGET AMENDMENTS

PROPERTY ASSESSOR:

Finance Director Lisa Nolen requested approval of the following budget amendment on behalf of the Property Assessor to provide funding for a panel and counter top for office work space in the assessor's office:

From Board of Equalization: 101-51210-308 – Consultants -	\$ 700
To Property Assessor: 101-52300-711 – Furniture & Fixtures -	\$ 700

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget amendment for the Property Assessor's Office as requested amending \$700 from Account 101-51210-308, Board of Equalization Consultants, to Account 101-52300-711, Property Assessor Furniture & Fixtures.

The motion passed by roll call vote with Comm. Shafer voting "pass".

JUVENILE COURT:

Judge Donna Davenport, Juvenile Court Judge, advised that it had become necessary to hold court more often. She stated that they were holding two courts customarily every day with three courts on Tuesday. She stated that Magistrate Dodd was going to start working on Thursday, some Wednesdays, and Tuesday. She stated that on Monday, there were only two court officers. She requested approval of the following budget amendment to provide funding for additional part time court officers to provide adequate security for juvenile court. The source of funding for the budget amendment would be the Litigation Tax for Court Security:

From: 101-34520 - - CTSEC – Restricted for Court Security -	\$3,365
To: 101-53500-169 – Part Time Personnel -	\$3,120
101-53500-201 – Social Security -	195
101-53500-212 – Employer Medicare -	50

Comm. Sandlin moved, seconded by Comm. Peay to approve the budget amendment for the Juvenile Court as requested amending \$3,365 from Account 101-34520 - - CTSEC, Restricted for Court Security, with \$3,120 to Account 101-53500-169, Part Time Personnel, \$195 to Account 101-53500-201, Social Security, and \$50 to Account 101-53500-212, Employer Medicare.

The motion passed unanimously by roll call vote.

Judge Davenport reminded the committee that there would be an open house at the Juvenile Court, Juvenile Detention, and Youth Services Facility on Thursday, October 20.

FIRE & RESCUE:

Chairman Ealy advised that Chief Farley was hosting the fire chiefs from the Middle Tennessee region and was unable to attend the meeting.

Mayor Burgess requested approval of the following budget transfer to provide additional funding for the Maintenance & Repair of Equipment Account and the Maintenance & Repair of Vehicles Account:

From:	101-54320-790 – Other Equipment -	\$20,330
To:	101-54320-336 – Maint./Repair Equipment -	\$ 6,000
	101-54320-338 – Maint./Repair Vehicles -	14,330

Mayor Burgess advised that the \$20,330 that was originally budgeted for SCBA bottles would not be needed.

Comm. Peay advised that the SCBA bottles were needed, but he believed that they were being obtained through a grant.

Comm. Peay moved, seconded by Comm. Sandlin to approve the budget amendment for the Fire & Rescue Department transferring \$20,330 from Account 101-54320-790, Other Equipment, with \$6,000 to Account 101-54320-336, Maintenance & Repair Equipment, and \$14,330 to Account 101-54320-338, Maintenance & Repair Vehicles.

The motion passed unanimously by roll call vote.

CORRECTIONAL WORK CENTER:

The Finance Director requested approval of the following budget amendment on behalf of the Correctional Work Center to provide funding to pay the accumulated leave for the Administrative Assistant who was retiring, and to provide funding to hire a replacement at a pay grade five, step one beginning October 17:

From:	101-54220-110 – Lieutenants -	\$213
To:	101-54220-161 – Secretary -	\$213

Comm. Jordan moved, seconded by Comm. Sandlin to approve the budget transfer for the Correctional Work Center as requested transferring \$213 from Account 101-54220-110, Lieutenants, to Account 101-54220-161, Secretary.

The motion passed unanimously by roll call vote.

SHERIFF'S DEPARTMENT:

Sheriff Robert Arnold, and Rosemary Jacobs, Accounting Supervisor, were present to request approval of budget amendments.

Chairman Ealy advised that the budget amendments were similar to the previous month's amendments where the sheriff requested approval to recognize revenue received in numerous small amounts from either donations, contributions, or other unexpected revenue and to appropriate the revenue accordingly to numerous expenditure accounts. She asked if the committee would consider dealing with these types of revenue requests either on a quarterly basis or perhaps twice a year. She stated that she believed it would streamline the work of the committee, and it would also simplify and streamline the report to the commission.

Chairman Ealy explained that on the current amendment items one, three, six, and eight were contributions and donations for specific purposes and could be considered on a quarterly basis or twice a year. Items two, four, five, and seven were unexpected revenue and could be adjusted at the end of the year when all of the revenue accounts were amended. Chairman Ealy advised that the revenues were rather small amounts and the expenditure accounts had sufficient funding. She stated that if at some point in time, the expenditure accounts were going to be short of funding, the Sheriff could request an amendment at that time. She advised that Sheriff Arnold had indicated that he was agreeable to this procedure.

The Finance Director advised that it would also help the Finance Department, and that the Sheriff had a good accounting staff that could keep up with the contributions and donations.

Following discussion, Comm. Jernigan moved, seconded by Comm. Shafer that approval of amendments for small contributions and donations for the Sheriff's Department be requested twice a year and that unexpected revenue from the sale of supplies and materials and the sale of recycled materials be amended at the end of the year with all other revenue adjustments unless it was expected that an expenditure line item was going to be short, at which time, the Sheriff could request approval of an amendment at that time.

The motion passed unanimously by roll call vote.

It was noted that if a large donation was received for a specific purpose, the Sheriff could request approval of an amendment at that time.

Ms. Jacobs requested approval of the following amendments to transfer within the budget from the Sheriff's Department Data Processing Equipment to Maintenance & Repair of Equipment; and to transfer within the Detention budget from Data Processing Equipment to the Maintenance & Repair of Equipment:

From: 101-54110-709 – Sheriff/Data Processing Equipment -	\$ 5,000
To: 101-54110-336 – Maint./Repair Equipment -	\$ 5,000
From: 101-54210-709 – Jail/Data Processing Equipment -	\$15,000
To: 101-54210-336 – Maint./Repair Equipment -	\$15,000

Comm. Peay moved, seconded by Comm. Jernigan to approve the budget transfers as requested for the Sheriff's Department transferring \$5,000 from Account 101-54110-709, Data Processing Equipment, to Account 101-54110-336, Maintenance and Repair Equipment; and for the Jail, transferring \$15,000 from Account 101-54210-709, Data Processing Equipment, to Account 101-54210-336, Maintenance and Repair Equipment.

The motion passed unanimously by roll call vote.

DEA SPECIAL PURPOSE FUND BUDGET AMENDMENTS:

Ms. Jacobs requested approval of the following budget amendments for the August and September Federal revenue received for the DEA Fund, appropriating the revenue for uniforms:

Increase Revenue:	121-47700 – Asset Forfeiture Funds -	\$11,884
Increase Expend.:	121-54110-451 – Uniforms -	\$11,884
Increase Revenue:	121-47700 – Asset Forfeiture Funds -	\$13,063
Increase Expend.:	121-54110-451 – Uniforms -	\$13,063

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the DEA Special Purpose Fund budget amendments as requested increasing Revenue Account 121-47700, Asset Forfeiture Funds, by \$11,884 and increasing Expenditure Account 121-54110-451, Uniforms, by \$11,884; increasing Revenue Account 121-47700, Asset Forfeiture Funds, by \$13,063, and increasing Expenditure Account 121-54110-451, Uniforms, by \$13,063.

The motion passed unanimously by roll call vote.

RECOMMENDATIONS REGARDING THE JAIL KITCHEN RENOVATION AND EXPANSION:

Mayor Burgess advised that discussions had been held with both the Property Management and the Public Safety Committees regarding the conditions at the jail kitchen. He advised that starting with the inspection by the TCI; they identified some things that needed some remediation and some improvements. Following up with that, some exploration had been done, which has reinforced the need for some substantial improvements to the kitchen at the jail.

Mayor Burgess advised that originally it was proposed to engage the services of an architect at an approximate cost of \$78,000 assuming that the renovations and expansion of the kitchen would cost \$1.2 million. He stated that the scope of the project continued to be reviewed. He stated at the most, the cost of the project would be \$1.2 million. He stated that the architect had been instructed to see if it would be possible to do the remediation and improvement and redesign of the entire process within the current square footage without adding the expansion with the exception of moving the cooler and the freezer to an outside location. He stated that he would not know if that would be practicable or workable, or what the cost of that would be until next week. He stated that he was requesting authorization to engage the services of the architect, so that the design could be moved forward. He stated that a final decision might have to be made at some point in the future perhaps next month as to whether or not the project could be done within the current square footage or if an addition would be needed. He stated that a kitchen design person has had to be involved to help determine if the current kitchen space would be adequate to do what was needed to serve approximately 900 inmates.

Comm. Jordan stated that it was his understanding that the current vendor that provided the meals for the Correctional Work Center was temporarily providing the meals for the jail.

Sheriff Arnold advised that was correct that ABL was providing the meals. He stated it was costing ten cents more per meal than what they had been paying.

Comm. Jordan asked if using ABL to prepare the meals could be a possible long-term fix.

Mayor Burgess advised that the kitchen at the Correctional Work Center was designed for a capacity of 256. He stated that it was taking 22 hours per day to serve 1,000 meals. He stated that the volume and the time being required were substantially more. He stated that the kitchen at the Correctional Work Center was being over utilized.

Comm. Peay stated that at the Public Safety meeting, Sheriff Arnold stated that the system with ABL preparing the meals was working extremely well, and that the meals were still hot when received at the jail.

Comm. Baum asked what the down side was of continuing to outsource the meal preparations.

Sheriff Arnold stated that it was extremely stressful on the staff. He stated that the security was not what it should be. He stated that the indoor recreation area was being used to serve the meals.

Mayor Burgess advised that the preparation of the meals was less stressful on the Sheriff's Department, but it was extremely stressful on the Work Center. He stated that the Work Center did not have any employees assigned to the kitchen. He stated that it was all done by the vendor, but he explained that with as much movement as they were experiencing now, someone would have to be placed in the kitchen for the proper handling of the inmates as they were coming and going 22 hours in a day. He stated that a staff member would have to be added if this system was continued on a long-term basis. He stated that the kitchen at the Correctional Work Center did not have enough equipment to do this on a long-term basis.

Comm. Baum stated that it seemed like it would take less equipment if the meal preparation was being outsourced.

Mayor Burgess explained that the meals were being prepared within the confines of the kitchen at the Work Center.

Comm. Peay stated that if the system was working, he would like to see what it would take to continue to consolidate the food services. He stated if the jail needed more office space, the kitchen could be renovated into office space, and the meals could continue to be prepared at the Work Center.

Mayor Burgess advised that the kitchen at the Work Center was not designed to handle the stress and the large volume.

Chief Deputy Virgil Gammon advised that the food was being delivered hotter, because of the process being used. He stated that preparing the meals was not the problem. It was making sure there were enough food supplies and the correct number of diabetic meals, etc. He stated that it was an unbelievable amount of work that was being done. He stated that the Work Center was not responsible for feeding the jail inmates. He stated that was an agreement that the Sheriff's Department made with the Work Center. He stated that by law the Sheriff was responsible for the prisoners at the jail.

Captain Curtis Little stated that the kitchen at the Work Center was not big enough to prepare the meals for both facilities on a long-term basis. He stated that eventually, the wear and tear on the equipment at the Work Center would be an issue.

Comm. Sandlin asked what the difference in the square footage being proposed was compared to a school cafeteria.

Sheriff Arnold stated that what he would like to do would be along the same lines as the renovation of the Oakland cafeteria. He stated that the jail was having some of the same problems. He stated that the cafeteria at Oakland was about three times the size of the jail kitchen.

Comm. Baum asked if the entire \$78,000 would be needed for architect fees if the kitchen was not expanded.

Mayor Burgess advised that the entire \$78,000 would not be needed. It would be something less.

Comm. Peay stated that at the Public Safety meeting it was reported that approximately \$50,000 would be needed to clean up the kitchen and repair the tile on the walls.

Mayor Burgess advised that \$50,000 would not be close to the amount needed. He stated that the first initial approach was to clean up the kitchen cosmetically, but to increase the capacity, whether they actually expanded the kitchen or renovated it within the confines of the current space, would take a redesign of the flow of the entire process. In the course of reviewing the situation, more difficulties have been discovered. He stated it was going to have to be addressed completely and thoroughly.

Comm. Jordan stated that the county had a temporary fix by using the Work Center. He asked if there was vendor that could be explored to determine if they could bring in the meals for the inmates and how much that would cost.

Comm. Shafer asked how accurate was the \$1.2 million cost.

Mayor Burgess advised that he believed that \$1.2 million would be more than enough. He stated that it contained a 25% contingency, and that \$300,000 of the amount would be for new equipment.

Comm. Baum asked how it was going to be determined whether or not to spend architectural fees for a design that was an expansion or a renovation of the current space.

Mayor Burgess advised that the architect had already given an estimate of \$1.2 million for the renovation and expansion of the kitchen. A kitchen designer has been to the jail today to determine what could be done within the current square footage. After all of the information is compiled, another projection will be made to see what it would cost to renovate the current space. After this amount is determined, the architect's fee will be calculated based on a percentage of the cost. Mayor Burgess advised that the contract with the architect will not be executed until the final decision was made as to how the kitchen space was going to be renovated.

Comm. Peay asked where the funding would come from for either the expansion or the improvement.

Mayor Burgess advised that the Finance Director had prepared an analysis of the Litigation Tax that was restricted for jails, courthouses, or workhouses. At July 1, the balance in the restricted litigation tax was \$1,473,897. In August an amendment was approved utilizing \$53,545 of this amount for cameras. The current 2011-12 budget includes \$150,000 for building improvements for the jail, which is being funded with the litigation tax. The estimated ending balance at June 30 in the restricted litigation tax was \$1,270,352. If \$78,000 was approved for the jail kitchen design and \$300,000 for the brick remediation, that would leave a balance of \$892,352.

Comm. Jordan clarified that \$78,000 for the architect fees for the jail kitchen design was being proposed to come from the restricted litigation tax, which was money earmarked for this type of work, and the funding would not be coming from the General Fund Unassigned Fund Balance.

Comm. Shafer asked what the litigation tax was generating each year.

The Finance Director reminded the committee that the current balance in the restricted litigation tax had been accumulated over several years. Currently, the litigation tax was being used to service the debt on the Correctional Work Center.

Comm. Baum clarified that the restricted litigation tax in the General Fund would not grow, and once the money was gone, there would be no more revenue to add to it.

The Finance Director advised that the Litigation Tax for Jail, Courthouses, and Workhouses generated \$815,000 last fiscal year. She advised that the principal and interest payments on the Work Center were more than the amount of litigation tax being generated, and that it was being financed over 20 years.

Comm. Sandlin stated that he believed that the Mayor should be given the leeway to get the project started. Following discussion, Comm. Sandlin moved, seconded by Comm. Jernigan to fund up to \$78,000 from the Restricted Litigation Tax for Jails, Courthouses, and Workhouses for the design of the kitchen renovation and/or expansion at the jail to Transfers Out to provide a transfer to the General Capital Projects Fund as follows; and additionally, to authorize the County Mayor to execute a contract with Kline Swinney Associates to provide architect services for the jail design:

From: 101-34525 - -JWC – Restricted for Public Safety -	\$78,000
To: 101-99100-590 – Transfers Out -	\$78,000

Comm. Peay asked what the TCI report said needed to be done at the jail. He stated that he did not think the report stated that the jail kitchen must be expanded.

Mayor Burgess advised that the report stated that there was not enough dry goods storage space.

Comm. Baum had a copy of the report, and he stated in his opinion it was a very light report. He stated that the inspector had written one or two sentences about the findings, and that it was very

brief. He stated that he would be tempted to ask the inspector what was required. He stated that the report was so brief that it was hard to interpret what was being mandated versus what was being suggested.

Mayor Burgess advised that the review was very superficial. He explained that the inspector did not understand the depth of what needed to be done like the architect and the sheriff's staff knew. Mayor Burgess stated that what he knew needed to happen far exceeded what the inspector put in the report. Mayor Burgess advised that some of the exploration that had been done since the inspector had been to the jail had discovered things that must be taken care of. He stated that what the inspector had mandated was a small piece of what actually needed to happen. He stated that if the county did not take the initiative that he was proposing to take care of the situation, it would become much worse. He stated that he was proposing to take proactive steps to take care of a problem before it became a major problem.

Following discussion, the motion to fund up to \$78,000 from the Restricted Litigation Tax for Jails, Courthouse, and Workhouses for the design of the kitchen renovation and/or expansion at the jail to Transfers Out to provide a transfer to the General Capital Projects Fund amending \$78,000 from Account 101-34525- -JWC, Restricted for Public Safety, to Account 101-99100-590, Transfers Out; and additionally, to authorize the County Mayor to execute a contract with Kline Swinney Associates to provide architect services for the jail design passed by roll call vote with Commissioner Peay voting "no".

DISCUSSION OF E-911 AWARD FOR COMMUNICATION CONSOLES FOR SHERIFF'S DEPARTMENT AND RELATED BUDGET AMENDMENT:

The Finance Director provided a copy of the June 2, 2011 minutes of the Emergency Communications District for the information of the committee. The minutes reflected a motion that was approved unanimously by voice vote "to approve the funding request made by the Rutherford County Sheriff's Department not to exceed \$215,000 and that the District would reimburse Rutherford County upon receipt of invoices documenting payment by the County for the radio console equipment purchased".

The Finance Director advised that the county would have to purchase the equipment first, provide documentation to the E-911 Board, and then be reimbursed. She requested approval of the following budget amendment to fully fund the project at a total cost of \$350,000, which included \$215,000 for the Radio Console Equipment and \$135,000 to complete the equipment cost plus funding for furniture:

From: 101-34585 – Restricted for Capital -	\$350,000
To: 101-99100-590 – Transfers Out -	\$350,000

The Finance Director advised that it was being proposed to use the Reserve for the Development Tax to provide the funding as a transfer to the General Capital Projects Fund. The balance in the Restricted for Capital Account (Development Tax) at July 1 was \$2,980,484. It was estimated that additional revenue of \$400,000 would be collected from the Development Tax for Fiscal Year 2011-12. Approved projects included in the current budget that were being funded by the Development Tax totaled \$1.3 million. A contribution from the Christy Houston Foundation in the amount of \$186,000 for the Barfield Fire Station reduced the projected amount being spent from the Reserve for Capital Account to \$1,114,000. The request to spend \$350,000 for the Dispatch Office less the E-911 contribution of \$215,000 would bring the estimated ending balance at June 30 in the Restricted for Capital to \$2,131,484.

Mayor Burgess advised that the amount was an estimate, and he did not know what the bids would be. He stated that the contribution of \$215,000 from the 911 Board was only for the electronic piece. The consoles, themselves, would have to be purchased separately, and the 911 Board did not want to participate in that portion. He stated that could cost up to \$100,000, but he did not know for sure.

Comm. Jordan stated that the Development Tax was not generating the money that it did in the past. He stated that it was great that the county would be receiving \$215,000 of the \$350,000, but the Development Tax would still be providing up to \$135,000. He stated that the county needed to be careful as to how often the Development Tax was used.

Comm. Jernigan asked if there was any other source available for the funding.

The Finance Director advised that she tried to stay away from the Unassigned Fund Balance in the General Fund, because it had already been hit so hard.

Following discussion, Comm. Jernigan moved, seconded by Comm. Shafer to approve the budget amendment as requested to provide funding for the Dispatch Office at the Sheriff's Department amending \$350,000 from Account 101-34585, Restricted for Capital (Development Tax) to Account 101-99100-590, Transfers Out. Additionally, to accept a contribution of \$215,000 from the E-911 Board as a reimbursement upon providing copies of invoices documenting payment by the county for the radio equipment purchased.

The motion passed unanimously by roll call vote.

The committee questioned what would happen if this was not enough money.

Mayor Burgess stated that more funding would have to be requested if \$350,000 was not enough. He stated that the communications situation was even more serious than the kitchen situation. He stated this affected the ability of being able to dispatch and communicate serious matters.

Comm. Peay stated that he wanted to thank the E-911 Board for their \$215,000 contribution.

EAGLEVILLE PHASE II RENOVATION/EXPANSION:

Mr. Harry Gill, Director of Schools, and Mr. Jeff Sandvig, Assistant Superintendent, were present to request approval of the Eagleville High School Phase II addition at a total cost of \$3,529,360.

Mr. Gill advised that the bids for the Stewarts Creek High School did come in under \$50 million with a total cost of \$46,344,102.

Comm. Sandlin asked about the utilities cost of \$1 million for Stewarts Creek.

An analysis was provided for the breakdown of the utilities cost. It was noted that the county did pay impact fees for the Stewarts Creek campus; however, the Town of Smyrna provided substantial road improvements. Mr. Gill advised that Smyrna was very generous. It was also noted, that the county sold some of the excess acreage to the Town of Smyrna for a park.

Mr. Gill advised that after considering the funding needed for the Stewarts Creek High School, there was approximately \$3.6 million available for Eagleville. He advised that Phase II was the least expensive at a total cost of \$3,529,360. When the design of the Eagleville Phase I was factored in at a cost of \$175,465, the funding would be short by \$72,427. Mr. Gill advised that a funding source to cover this shortage would be brought through the committee process.

Mr. Gill reported that the Eagleville Phase II project would provide eight classrooms, one science lab, one teacher workroom, restrooms, teacher work area, elevator access, hallway lockers, teacher restrooms, and on the first floor there would be 13,600 sq. ft. of unfinished space for restrooms.

Mr. Gill advised that the bid for Phase I was \$4,447,465, which would have exceeded \$50 million. If Phase I was being constructed, it would have provided 9 classrooms, two science classrooms, a new auditorium, a band rehearsal room, a choral rehearsal room, a practice music room, expansion of the cafeteria, removing the old stage, removal and replacement of tile in the hallway, sound booth in the auditorium, dressing room, makeup room, and a bookstore.

Mr. Gill advised that there were fourteen portables at Eagleville, and Phase II would help. He stated it would not completely eliminate the portable classrooms. He stated that it would continue to be a priority of the School Board to complete Phase I.

Comm. Jordan moved, seconded by Comm. Sandlin to approve the construction and the renovation of the Eagleville High School Phase II at a cost of \$3,529,360 to be funded from the proceeds of the next bond issue.

Comm. Baum asked the Finance Director to go over the property tax projections.

The Finance Director provided an analysis of the borrowing for the fall 2011 projected capital projects with \$46,344,102 being proposed for Stewarts Creek High School, \$3,529,360 for the Eagleville Phase II Addition, and \$175,465 for the Eagleville Phase I Architect. Sources of funding were reflected with \$1,191,872 being available from Brown's Chapel Elementary and Campus School that could be used toward the Eagleville project. In May 2011, the County Commission authorized \$350,000 for the Eagleville project from remaining funds in the Oakland Middle and Buchanan Middle School projects. Currently, there is \$305,726 remaining in the Oakland Middle and Buchanan Middle School projects that could be transferred toward this project. She advised that \$105,575 would need to be shared with the City of Murfreesboro. Ms. Nolen explained that there would be approximately \$1,913,096 left that could be used for the potential Joe B. Jackson Road Project, renovations at the Sheriff's Department, or outstanding property condemnation issues regarding the Halls Hill Pike improvement. The estimated underwriter's discount was \$505,000.

The Finance Director presented an analysis of the debt service projections, which reflected using \$2.6 million of the Debt Service Fund Assigned for Debt Service Fund Balance in 2011-12, which would still be within the requirement of \$4.3 million. The analysis also reflected using \$3 million of the fund balance in 2012-13, which would also be within the requirement. However, a problem would potentially occur in Fiscal Year 2013-14.

Comm. Baum stated that it appeared to him that in a couple of years, a property tax increase could potentially be needed. He stated that it seemed like the capital projects came one by one. He stated that there was not an opportunity to look at all of the projects, and choose one or two as priorities and fund those. He stated that the capital projects decisions made today would affect the property tax rate that would be set in May.

Following discussion, the motion to approve the construction and renovation of the Eagleville Phase II at a cost of \$3,529,360 to be funded from proceeds of the next bond issue passed unanimously by roll call vote.

FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS:

The Final Resolution authorizing the issuance of General Obligation Bonds of Rutherford County in the aggregate principal amount of not to exceed \$50,725,000, in one or more series, making provision for the issuance, sale and payment of said bonds; establishing the terms thereof and the disposition of proceeds therefrom; providing for the levy of taxes for the payment of the principal of, premium, if any, and interest on the bonds was presented for approval.

Comm. Sandlin moved, seconded by Comm. Baum to approve the Resolution and forward the same to the County Commission authorizing the issuance of General Obligation Bonds of Rutherford County, Tennessee in the aggregate principal amount of not to exceed \$50,725,000 in one or more series; making provision for the issuance, sale and payment of said bonds; establishing the terms thereof and the disposition of proceeds therefrom; providing for the levy of taxes for the payment of principal of, premium, if any, and interest on the bonds.

The motion passed unanimously by roll call vote.

RESOLUTION ADOPTING DEBT MANAGEMENT POLICIES OF RUTHERFORD COUNTY:

Chairman Ealy advised that Rutherford County will now be required to have a Debt Management Policy in place. A proposed Resolution was presented adopting Debt Management Policies for Rutherford County, Tennessee along with a copy of the policy.

The Finance Director advised that the policy was being presented for information, and the committee will be requested to take action on the policy at the November Budget Committee meeting. She advised that the Comptroller's Office was requiring all local governments in the State of Tennessee to adopt a debt management policy consistent with the Funding Board requirements. She stated that she relied heavily on Bass, Berry & Sims, and Stephens, Inc. in preparing the document. She stated that it reflected in writing what the county was already doing and what was required by state law.

The Finance Director advised that the policy would allow the county to structure debt over 30 years, even though the county typically borrows for a 20-year term. She also advised that the county had not entered the variable rate market; however the policy allowed for that if the county ever chose to issue variable rate debt. She also advised that the policy included statements that the county would not borrow for operating costs, but only for capital; however, the policy provided flexibility to issue tax anticipation notes if necessary. Once the policy is approved, it will be sent to the state. Whenever the county issues debt, the state will check the issue against the county's policy to determine if the policy is being met.

RECOMMENDATION AUTHORIZING INCREASING THE LITIGATION TAX FOR GENERAL SESSIONS JUDGES:

The Steering Committee approved charging \$10.35 per case filed in General Sessions Court as litigation tax effective November 1, 2011.

The Finance Director advised that the current rate of \$9.35 that was adopted by the County Commission. Statutes provide for \$6 unless it can be shown costs are higher. She provided an analysis of the litigation tax for General Sessions Judges reflecting that in 2010 the rate could have been \$10.53. In 2011 the rate could have been \$10.19. With the salary increase that the General Judges received, it was estimated that the rate could be set at \$10.43. The Finance Director advised that she was recommending that the rate be set at \$10.35, which was an increase of \$1.

Comm. Sandlin moved, seconded by Comm. Jernigan to approve increasing the Litigation Tax for General Sessions Judges from \$9.35 to \$10.35 effective November 1, 2011.

The motion passed unanimously by roll call vote.

ADJOURNMENT:

There appearing to be no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 7:27 P.M.

Elaine Short, Secretary